

MEMORANDUM FOR: Office of General Counsel

SUBJECT : Accounting for Funds Furnished Agents
Penetrating Denied Areas

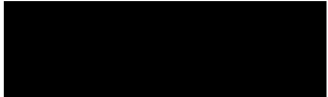
REFERENCE : Memorandum for Comptroller from Office of General
Counsel, dated 12 May 1955, above subject

1. We agree that the clarification of the memorandum of 11 April 1955, on the above subject, as suggested in paragraph 2.(a) of the reference, is desirable. Accordingly, such clarification will be incorporated when instructions incorporating the accounting processes pertaining to these circumstances are revised.

2. The procedures set forth in the memorandum of 11 April 1955, were approved on the basis that enunciation of the accounting concept expressed therein was in conformance with the intent and expression of regulatory requirements as to the use of confidential funds. This view was confirmed by your memorandum of 12 May 1955. Specifically, the procedure adheres to the principle that usual accounting requirements will be adhered to to the point where funds pass to an individual or organization where by reason of relationships or circumstances detail control by the Agency or its personnel is no longer feasible or possible.

3. We concur in your view that the major principles and policies for consideration in activities of this type are operational rather than accounting. It would seem, however, that matters of operational policy and substance should be resolved in connection with the development and approval of project plans within the framework of present regulations rather than the introduction into regulations of the specifics which would be required to afford complete guidance under all circumstances. In line with this view, we do not propose to take any action to initiate specific revision of present regulations covering this area of activity at this time.

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E. R. SAUNDERS
Comptroller